

**2019**

**Results evaluation of OP EIC specific objectives**

**Part 2: Results evaluation of SO 1.2**

**Executive Summary**

|  |
| --- |
| Outcome of „***Results evaluation of OP EIC specific objectives - Part 2: Results evaluation of SO 1.2.,*** *based on a task from Ministry on Industry and Trade.* |
| List of outputs:1. **Opening report**
2. **Final report with Executive Summary**
 |

**PROCES – Centrum pro rozvoj obcí a regionů, s.r.o.**

Moravská 758/95, 700 30 Ostrava

IČ: 28576217

tel.: +420 595 136 023, web: <http://rozvoj-obce.cz/>, e-mail: info@rozvoj-obce.cz

**Implementation team:**

|  |
| --- |
| Doc. Ing. Lubor Hruška, Ph.D. |
| Ing. Ivana Foldynová, Ph.D. |
| Ing. Petr Proske |
| PhDr. Andrea Hrušková |
| Ing. David Kubáň |
| Ing. Eva Poledníková, Ph.D. |

**Final version: 19. 6. 2019**

# Executive Summary

Activities implemented within the Specific objective 1.2 of the Operational Program Enterprise and Innovation for Competitiveness provide to beneficiaries the possibility to effectively carry out research and development activities in accordance with current trends and needs in this area, especially in cases where individual enterprises are not able to carry out research development themselves. **Research intensity is supported through collaboration between businesses and research organizations**. Among the supported enterprises are both cooperation, which is already based on previous joint activities and cooperation, which arose only the base of programme calls. Cooperation is positively evaluated by the beneficiaries, in most cases they have the potential to keep in touch and continue with joint activities even after the end of the project. The long-term nature of the cooperation is the basis for a lasting improvement, as well as for further research activities beyond subsidy support. The effects of cooperation are not just one-way, but all stakeholders benefit from them.

The support of research intensity brings with it many positive effects that contribute to the overall competitiveness of companies on both domestic and foreign markets. In addition, in less than half of the cases of beneficiaries, positive impacts occurred beyond the benefits expected in the project creation, so the real impact of projects is expected to be much higher. **Research supported by the program and implemented through various types of collaboration enables businesses to respond to the requirements that are impose by market needs on the parameters and quality of service they provide, or by legislative requirements at European and national level**.

The main positive impacts of interventions implemented under SC 1.2 of the OP EIC 2014 - 2020 are:

* **Elimination of research barriers** due to lack of professional and technical capacity of enterprises, by sharing these capacities between companies and research organizations through various program tools (direct cooperation, innovation networks, innovation vouchers, knowledge transfers). Due to the elimination of these barriers, the intensity of research and development in the private sector is increasing.
* Based on the results of research and development activities, product and process innovations are introduced at the level of supported enterprises. As a result, businesses significantly improve the quality of their products and become attractive to their customers, **thereby significantly boosting their market competitiveness**.
* By carrying out research and development in the framework of supported business interventions, in addition to immediate impacts, research experience is also gained. It improves workforce's expertise and, in particular, its ability to carry out its own research within its own capacities in the future. In some cases, **supported enterprises form or update their long-term research strategies based on this experience**.

In terms of impact assessment in the broader context of the business environment of the Czech Republic, the positive impacts are visible in both of the monitored context indicators. Specifically, these are "R&D expenditure in the business sector", which rose from a starting value of 1.12% of GDP in 2011 to 1.79% of GDP in 2017. **We can thus confirm the claim that research and development in the business sector is developing in the Czech Republic, which is one of the objectives of the program.** The second context indicator monitored under SG 1.2 of the OP EIC is the Summary Innovation Index (SII), consisting of approximately 20 partial indicators describing innovation performance for the comparison of individual European Union countries. Even here, there was a slight positive change in the period from 2012 to 2017, the SII value increased from 0.402 to 0.415. The Czech Republic ranks 13th among EU countries, with its SII slightly higher than the EU average. However, since 2012, the Czech Republic has improved by 2 positions. **From the point of view of this indicator, it can be said that innovation performance is growing in the Czech Republic.** Given that both of these context indicators are influenced by an extensive set of changes and characteristics, it is not possible to quantify the specific contribution of SC 1.2 of the OP EIC. However, the qualitative impact assessment in this evaluation shows that the supported activities within the program have a positive impact on the facts assessed by these indicators.

For the period until the end of 2018, milestones for priority axis 1 were set within the program documentation. According to these milestones, 420 enterprises were to be supported under the priority axis by the end of 2018. In the framework of SG 1.2 projects, 381 enterprises were supported by 2018, thus the SC 1.2 alone fulfills this milestone by more than 90%. In total, under the PA1, 673 enterprises receive support until 2018, thus the milestone is generally met at 190.5%. Similarly successful is the fulfillment of other milestones in the form of "Number of companies cooperating with research organizations" (502 enterprises compared to milestone 350) and indicator "Total eligible certified funds", whose 2018 milestone was set at EUR 552.4 million at Priority Axis 1. At the end of 2018, the actual value of eligible Certified Funds for PA1 was EUR 473.9 million, 86% of this milestone, which falls within the program's performance reserve. **From the above, it can be unequivocally confirmed that the milestones for 2018 have been fulfilled.**

Although that the SG 1.2 OP EIC 2014 - 2020 activities have a wide range of positive impacts, the problems that negatively affect the fulfillment of the objectives were also identified and their elimination can lead to an increase in the program drawdown efficiency. The primary problem is the considerable administrative burden. Beneficiaries and applicants are burdened with extensive administration, dissatisfaction is also with significantly user-poor information and monitoring systems. The project appraisal process is considered as non-transparent by the applicant, without feedback on the submitted projects, thereby reducing the chances of completing them to an acceptable form. In general, shortcomings in communication, frequent changes in information provided, etc. are monitored. Other problems include the risks associated with the need to pre-finance projects from own funds, a low level of public support compared to other programs that reduce the program's attractiveness to potential beneficiaries, or potential targeting of activities to irrelevant activities. To address these issues, the evaluation team suggested the following recommendations:

|  |
| --- |
| **Recommendation A: Process evaluation to increase transparency and reduce administrative burden** |
| A1: | As part of process evaluation, focus on evaluation of methodological support processes for potential program support applicants, through evaluation of supportive methodological documentation, methodological and information seminars, etc. |
| A2: | To analyze the processes and environment of the information and monitoring system from the perspective of the user on the side of the managing authority and the beneficiary, in order to create background information for a possible change of this system in the next programming period. |
| A3: | In process evaluation, evaluate the feedback system of project evaluation towards their applicants to ensure maximum transparency of the evaluation process and criteria for unsuccessful applicants. |
| A4: | Perform a process evaluation of project application evaluations and remove any irrelevant evaluation steps to keep the evaluation process as short as possible. |
|  |  |
| **Recommendation B: Reducing the risks in financing supported projects** |
| B1: | To consider the possibility of partial financing by way of an advance at the start of the project or a continuous phase financing in order to reduce the difficulty of own funds of potentially supported enterprises if this is in accordance with the rules of support from the ERDF. |
| B2: | Revision of the process setting of the financial management of the program in the framework of process evaluation in order to reduce the time needed to pay the subsidy. |
| B3: | To consider increasing the financial ceiling for one project subsidy under the Innovation Vouchers Support Program. Necessary coordination with the MRD in order to increase the project budget limit for which a selection procedure is required, as the potential need for a tender will reduce the effectiveness of research activities carried out within the Innovation Vouchers due to the inability of companies to choose the ideal research solution for them. |
| B4 | Maintain as much public support as possible for research organizations in accordance with the ERDF support rules in order to maintain the highest possible attractiveness of the program for these institutions. |
| **Recommendation C: Revision of support needs for capacity building of innovative infrastructures** |
| C1: | To focus support on the development of innovation networks, in particular to support already functioning innovation networks with a functioning membership base and potential for capacity fulfillment, instead of new capacity building. |
| C2: | To carry out a detailed analysis of the demand for innovation network services in the Czech Republic, including regional disparities, and to set appropriate support for new capacities of innovation networks. |
| C3: | To carry out an analysis of the calls for the Infrastructure Services Support Program implemented in 2019 (to assess the potential for spending on a potential project budget) to identify the possibility of depletion of the allocation. |
| C4: | On the basis of the analysis of the allocation drawdown potential, consider transferring the funds allocated to the Infrastructure Services Support Program to another support program in accordance with the OP EIC 2014 - 2020 rules (link to measure C3). |